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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: Financing of the United Nations peacekeeping operations

Peacekeeping reserve fund

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) has considered the report of the Secretary-General (A/53/912), which provides information on the status of the peacekeeping reserve fund. During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. The Committee recalls that the General Assembly, in its resolution 47/217, created a peacekeeping reserve fund as a cash-flow mechanism to ensure the rapid response of the Organization to the needs of peacekeeping operations, and decided that the level of the fund should be $150 million. Funding was to be provided by the transfers of balances of an initial amount of $59 million from the special accounts for the United Nations Transition Assistance Group (UNTAG) and the United Nations Iran-Iraq Military Observer Group (UNIIMOG). Residual amounts were to be transferred as soon as the special accounts for both operations were closed. However, the major portion required to provide the full $150 million was to be financed from the amount retained in the General Fund pursuant to General Assembly resolution 42/216 A of 21 December 1987. The General Assembly, in its resolution 49/233, decided to limit the utilization of the fund to the start-up phase of new peacekeeping operations, to the expansion of existing ones or to unforeseen and extraordinary expenditures related to peacekeeping.

3. As indicated in paragraph 2 and annex I of the Secretary-General's report, as at 31 December 1998 the Fund had a balance of $103.7 million. Total receipts to the Reserve Fund amounting to $112.4 million consisted of transfers from UNTAG ($48.8 million), UNIIMOG ($17.3 million), the United Nations General Fund ($25.0 million), the United Nations Observer Mission in El Salvador (ONUSAL) ($257,913), interest income ($20.4 million), miscellaneous income ($248,851) and a voluntary contribution of $351,989. The

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Committee notes that an amount of $58.9 million was still due to the Reserve Fund, consisting of funds to be transferred from the United Nations General Fund ($57.6 million), UNTAG ($410,974) and UNIIMOG ($903,071).

4. The Committee notes, from the information contained in document A/53/912, annex II, that during 1998 a loan of $3.5 million was made to the United Nations Mission in Sierra Leone (UNOMSIL) and a loan of $5.2 million to the United Nations Mission in the Central African Republic (MINURCA), for initial start-up costs in both cases totalling $8.7 million. The Committee notes, however, that no loans were required during 1996 and 1997. In this regard, the Committee is attaching the information requested from the Secretariat, which explains why there was no need to borrow from the Peacekeeping Reserve Fund during those two years.

5. In paragraph 4 of its report A/53/940 on its consideration of the report of the Board of Auditors on the financial report and audited financial statements for United Nations peacekeeping operations for the 12-month period ended 30 June 1998, the Committee indicated that "in view of the substantial decrease in the level of peacekeeping operations, the Committee believes that the current level of the Fund, at $150 million, should be reconsidered by the General Assembly, taking into account all relevant factors". The Committee was informed, upon inquiry, that the Secretary-General intends to submit a comprehensive report to the General Assembly at its next session, which will address, among other things, the transfer of funds from UNTAG and UNIIMOG to the Reserve Fund.

6. The action to be taken by the General Assembly is indicated in paragraph 4 of the report of the Secretary-General (A/53/912). Pending submission by the Secretary-General of the comprehensive report mentioned in paragraph 5 above, the Committee recommends that the General Assembly take note of the report of the Secretary-General contained in document A/53/912.

Annex

Peacekeeping Reserve Fund: reasons for no apparent borrowings in 1996 and 1997

New missions in former Yugoslavia

In connection with the establishment of UNMIBH in December 1995 and UNTAES in January 1996 and UNPREDEP becoming an independent mission in January 1996, bridging financing to meet the costs of these operations for the period from 1 January to 31 March 1996 as well as the liquidation of UNPF was provided by the General Assembly by its decision 50/410 B, in which the Assembly authorized the Secretary-General, on an exceptional basis, to enter into commitments for the operations in former Yugoslavia in the amount of $100 million gross ($98,430,700 net), of which $89,484,800 gross ($87,915,500 net) was assessed on Member States. The resources were intended to bridge the period between the date of establishment of those missions and the preparation of budgets by the Secretary-General and action on them by the legislative bodies. Since funds, including cash, had been made available in advance by the General Assembly, there was no need to resort to the Peacekeeping Reserve Fund.

New missions in Haiti

UNSMIH

Following the establishment of UNSMIH on 28 June 1996, the Controller sought the concurrence of ACABQ to utilize the appropriation of $15,897,000 gross ($15,440,300 net) provided for the liquidation of UNMIH to meet the repatriation cost of UNMIH personnel ($2,450,000) and the operation of UNSMIH from 1 July to 15 September 1996. Since the UNMIH liquidation was overtaken by the establishment of UNSMIH, none of the resources that had been approved by the Assembly for liquidation were needed apart from the repatriation of those personnel who did not join UNSMIH. On 9 September 1996, the Controller sought the concurrence of ACABQ to enter into commitments for UNSMIH under the provisions of General Assembly resolution 49/233 in the amount of $5,762,800 gross ($5,420,700 net) for the period from 16 September to 15 October 1996. ACABQ concurred with both requests.

UNTMIH

Following the establishment of UNTMIH on 30 July 1997, the Controller sought the concurrence of ACABQ to utilize the resources appropriated for the liquidation of UNSMIH to meet the repatriation costs of UNSMIH and the cost of UNTMIH from 1 August to 31 October 1997. With the establishment of UNTMIH, the liquidation of UNSMIH was deferred, just as was the case the previous year with UNMIH.

MIPONUH

Following the establishment of MIPONUH on 28 November 1997, ACABQ authorized the Secretary-General to enter into commitments up to $9,237,300 gross ($8,805,800 net) under the provisions of Assembly resolution 49/233.

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With respect to the missions in Haiti, no transfer was made from the Peacekeeping Reserve Fund for the following reasons: (a) the Assembly had twice appropriated funds for liquidation (UNMIH and UNSMIH) which were not needed due to subsequent Security Council decisions, and with the concurrence of ACABQ those funds were utilized to meet the initial costs of UNSMIH and UNTMIH; and (b) only one bank account had been established for these missions, and since UNMIH had a large cash balance pending the certification of government claims by the Field Administration and Logistics Division, there were sufficient funds available to meet disbursements pending the assessment of funds by the General Assembly.